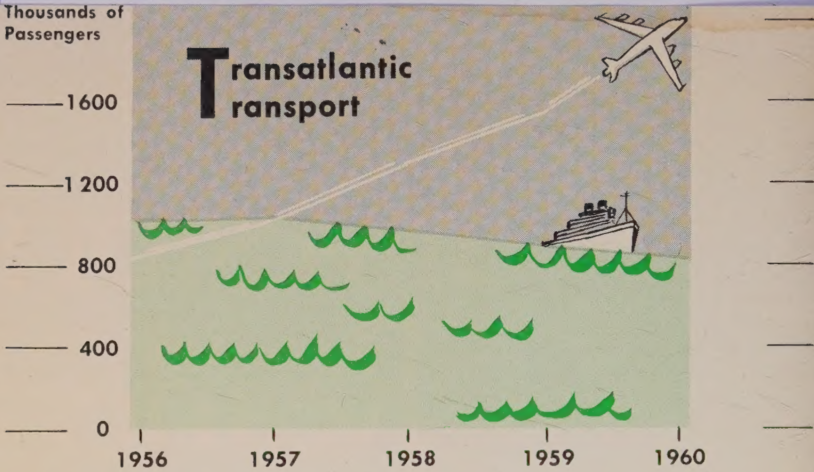
ruary 15, 1961

Investor's Reader

For a better understanding of business news

ROLLING COURSE FOR TEXTILES (see page 1)



UP IN AIR, DOWN IN SHIPS

That steadily more passengers fly to & from Europe than cross the Atlantic by boat should surprise no one. But even seasoned observers may be astonished at the rapid rate of the air revolution in the past few years. As late as 1957, slightly more passengers between the US & Canada and Europe traveled by boat. Plane travel pulled ahead for the first time in 1958 and it took just two more years for air voyagers to build up a better than 2-to-1 lead. The International Air Transport Association reports 1,938,000 passengers carried by the scheduled airlines (this includes both regular and charter flights by these lines) in 1960, up 26% over 1959. Meantime the Trans-Atlantic Passenger Steamship Conference counted 866,500 guests on its liners or 2% fewer than in 1959. This year the increasingly jet-equipped airlines predict a gain of at least 20% while the Steamship Conference merely states "most of our lines claim bookings at least up to or better than last year."

The ship lines are far from disheartened by these statistics. They note while ten years ago they held a 2-to-1 lead over planes (697,000 v 342,000 in 1951), their business has recovered substantially since then. Mushrooming air traffic simply opened up a huge market never tapped before and helped spur long-range trips by all modes of travel. And last year's ship decline represented mostly a slowdown in Canadian immigration; US-Europe ship travel actually attracted 10,000 more passengers than in 1959. And an increasing number of ships have been diverted to profitable cruise service during the slack European season; thus with 80 fewer transatlantic sailings last year the "load factor" per ship increased.

But load factors remain a definite problem for the airlines as faster, bigger and more planes up capacity as fast as customers. But industry leaders like No 1 world flyer Pan American count on such factors as jet speed & convenience, longer vacations, new economy excursion rates, etc to continue to build up traffic and long-run profits.

Accepted as controlled circulation publication at Poughkeepsie, New York, INVESTOR'S READER published fortnightly. This issue dated February 15, 1961.

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
70 PINE STREET, NEW YORK 5, N Y

EX PAGE

Investor's Reader

No 4, Vol 36 February 15, 1961

hanging Pattern for Textiles

Industry Weathers Downturn Better Than in Past Despite New Import Woes

here's no point in our being here discuss ways of improving textile irs because sooner or later most us will be out of business.

HIS JEREMIAD was delivered recently by John McGee Cheatn, president of Dundee Mills of ffin, Ga who is also the current sident of the American Cotton nufacturers Institute. The cause 47-year-old "Mac" Cheatham's icern was imports. He warned the iual meeting of the Association Cotton Textile Merchants of New rk if competitive imports conue to rise at the present rate, mars would shrink drastically for her-priced American textiles. He inseled members to improve manicturing and marketing to withnd the "onslaught from overseas."

Despite Mac Cheatham's gloomy forecast, the industry appears to be weathering its current downturn better than ever before. A prosperous 1959 allowed many textile companies to weave near-record earnings. The tide turned once again midway through 1960 but for the first time in industry history, textilers began to curtail production soon after backlogs started to decline. This avoided the ruinous overproduction and consequent price collapse seen so often before.

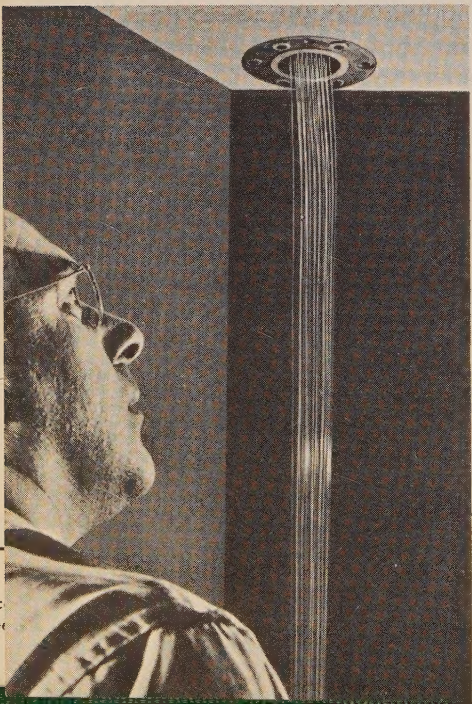
With retail inventories currently at lowered levels, textile men are confident there "will have to be buying." Although one picturesquely reports "we don't see the bottom of the turning up yet," the consensus looks for a pick-up midway through 1961 which will be "strong enough" to balance the decline expected for the first six months of this year.

Furthermore, the coming decade looms as a potentially prosperous one for textile makers. A new US

Commerce Department report estimates total textile fiber consumption will increase 26% in the next ten years to over 7,400,000 pounds. One big boon for textilers will be a big bulge in the country's major clothes buying group—the 15-to-24-year-olds. This group increased by 11% in the Fifties but is expected to expand over four times as fast during the present decade.

However, before the industry will be able to profit fully from such opportunities it must iron out many wrinkles. One of the worst headaches for years has been huge excess capacity in cotton, wool, etc, particularly as popular new synthetics grabbed an increasing share of their former markets. However while overcapacity still exists, there has been some marked improvement.

Filaments for man-made fibers



For instance the number of cotton spindles has been cut back from 23,300,000 in 1950 to about 20,[illegible] 000,000 last year.

But while there are too many machines, the industry is also plagued by worn out ones. About 60% of current mill capacity is considered inefficient or obsolete. Thus large expenditures for modernization are necessary. Textile companies spent about half a billion on new equipment last year but expect to spend less in 1961. Burlington Industries laid out about $44,000,000 in 1960 but plans only $25-to-30,000,000 this year. JP Stevens which spent $20,300,000 on improvements in 1960 is also cutting back.

In part, of course, such industry leaders have already achieved [illegible] quite modern, efficient operation but they recognize constant improvements are necessary to keep up with today's fast-changing technology. Many other plants remain decidedly outdated and though textilers generally know it is essential to cut costs to meet competition, they have been unwilling (or felt unable) to [illegible]nance improvement. One incentive could be enactment of higher depreciation allowances.

Another long-time industry bugaboo has been overproduction [illegible] periods of declining demand. (Th[illegible] is actually made worse when there is much inefficient machinery sin[illegible] resulting high break-even costs [illegible] duce their operators to keep produ[illegible]tion up regardless of demand. "Long hard experience with rec[illegible]sions" has shown large & sm[illegible] companies the need to cut ba[illegible]

erations before order backlogs e exhausted to prevent large sur- is inventories and accompanying arp price cuts. This time the lesson is apparently heeded to a greater ent than ever before.

Order backlogs hit an historic ak in December 1959 but then be- n to fall. The decline accelerated er May. By September general rtailment of mill operations be- n in earnest. Thus Burlington has luced production from five days a ek to four. Print cloth manufac- er Woodside Mills of Greenville, shifted work schedules to a five- y week from six for the first time ce the Forties.

Mac Cheatham says "textile em- yes at the end of 1960 averaged ound 39 hours of work a week r 1.8 hours less than Decem- r 1959]. Extra work days and ertime have been reduced but re have been no abrupt cutbacks shutdowns and employment has en relatively steady." Even so, the tile work force of 925,000 at the d of 1960 was down 44,000 in a ar. Cheatham summarized: "The erity of the downturn was soft- ed by the fact that mills kept pro- ction at reasonable levels last Jan- ry, even when orders were high."

Yardage Shrinks

One newfangled reason for low- ed production is scientific in- ntory control. Just in the second f of 1960 this resulted in a cut esti- ted at 425,000,000 square yards broad woven cotton goods.

Production of woolens and worst- s has also been cut back since t Summer in line with lessened demand. Meantime the market for rayon (and to a lesser extent its cousin, acetate) continued its steady decline. Two weeks ago duPont announced it was getting out of the increasingly unprofitable rayon textile market and was converting its rayon plant at Old Hickory,Tenn to Dacron production. In tire cord, nylon continues to make hefty inroads on the one-time rayon preserve and, in any case, the bitter competition has slashed prices in this sector until profit margins are microscopic at best. Meantime demand—and facilities—continue to expand for the new man-made fibers, both glass and chemical.

On an overall basis the textile industry managed to average a relatively satisfactory 88%-of-capacity the first three quarters last year though output slipped a few points in the final three months. With the lowered rate still prevailing, the first half of this year should bring unfavorable year-to-year comparisons. But the improvement expected in the second half may be enough to bring full year sales even with 1960.

Declining fabric prices and production cutbacks caused profit margins to ease after early 1960. For textile companies as a group, earnings last year are estimated well below 1959 (though there are many exceptions) and unfavorable comparisons are in prospect for the first half of this year. Burlington Industries upped earnings to $2.81 a share in the September 1960 year from $2.72 in fiscal 1959 and $1.21 in 1958 for the best results since 1950. But the December 1960 quar-

ter slid to 46¢ from 88¢ and at current indications profits for the March quarter are running 50% below last year. J P Stevens earnings fell to $3.65 in the October 1960 year from $4.51 in 1959 but still remained comfortably ahead of the $2.60 netted in 1959. However president Robert T Stevens reports "reduced activity is continuing thus far in the new fiscal year."

The current depressed state of the industry is reflected in the price of textile stocks. On the NYSE No 1 textiler Burlington sells at 19 *v* its 1959 high of 26¼; Reeves Brothers trades at 18 *v* its 1960 high of 28½ and its alltime 1959 high of 41⅜; Lowenstein is five points off its 1960 high at 15.

Import Loom

Of all the problems present in the textile industry today, imports occupy the number one place in every textile executive's mind. As Mac Cheatham put it: "Textile imports reached their most serious proportions in history when imports of foreign-made textiles and textile products exceeded exports by 39% [dollar value]. The 1960 situation marked the continuation of a three-year trend which has seen, since 1958, a reversal of this country's historic position as a net exporter of textiles and textile products."

Textile exports fell to a postwar low of about 400,000,000 yards in 1960. Meantime imports came to about 900,000,000 square yards, 14% larger than 1959 and 50% above 1958.

Foreign textile producers are able to produce goods at much lower prices largely because: 1) in order to compete in the world cotton market US Government-subsidized cotton is available to foreign mills at a 20% discount from prices US mills must pay and 2) the $1.50-to-1.60 average hourly wage rate which mill workers receive in this country cannot begin to compare with low foreign pay—Japan's textile workers are the highest paid in Asia at 22¢ hourly including fringe benefits.

Woolen manufacturers received some relief when a Presidential proclamation established new tariff rates for imports of woolens & worsted woven fabrics effective January 1. It replaced the tariff quota system in effect since 1956 which allowed a certain amount of fabric imports into the country at 25% ad valorem, then charged 45% for all additional imports. Consequently a mad scramble occurred each year with everyone trying to bring in goods before the low-rate quota was exhausted. The new rates range from 38% for fabrics valued at more than $2 a pound to 60% for cloth below $1.26⅔.

Many cotton textilers want [the] quota system "broken down country-by-country and by categories covering all forms of textile manufactures and apparel." The importance of covering all countries is illustrated by Japan's announcement a few weeks ago it felt i[ts] self-imposed "voluntary quota" [was] unfair "when other producing centers such as Hong Kong are n[ot] bound by any quota."

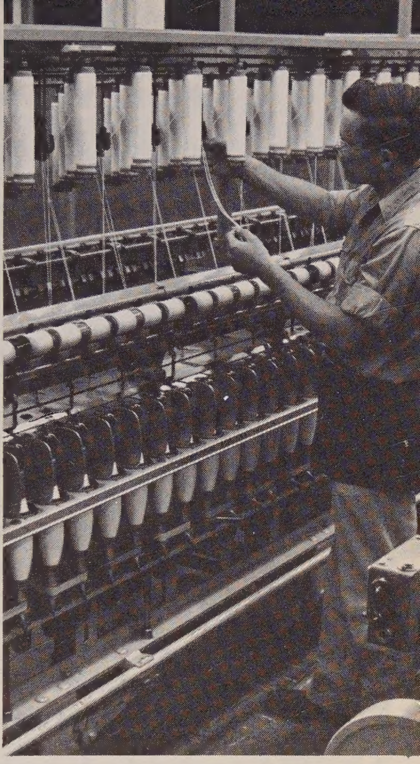
Basic industry confidence coupl[ed] with import concern is expressed i[n]

›wenstein chairman Leon Lowen- ›in who asserts: "In my opinion e textile industry at the present ne has got an edge on every other dustry in America. It is giving ›re to the consumer than any other dustry * * * The big impasse to all e industries in America is that in eir production they use a lot of gh-priced labor * * * and products ıde in foreign countries are made th labor receiving slave wage tes." He volunteers: "I've got every ith in this Administration and feel rtain that they will handle the sit- tion of imports not only properly t promptly in the interests of our untry."

Many industry men see salvation technological advances and more gressive promotion of fabrics lored to consumer wishes. Presi- nt Michael Daroff of Botany In- stries declares Government action imports alone will not be ough: "Our chief defense must be duction of our costs by new tech- logical methods, better styling d better salesmanship."

He adds: "I believe the textile in- stry should assume a more im- inative and far-reaching respon- ›ility toward the users of tex- es * * * by helping them cope with e technical problems that arise out the handling of new fabrics. I re- et to say that the only real help in is problem has come from the emical companies—the manufac- rers of synthetic fibers."

Thanks also to the increasing use man-made fibers, companies such duPont and Celanese Corp (For- el, Arnel, Darvan) have had a tre-



Dacron in the making

mendous increase in advertising and promotion expenditures. Man-made fibers have also brought about new textile blends which have "led the industry to new standards of fabric and garment performance in such respects as wrinkle resistance, crease retention, durability and ease of care."

Andrew E Buchanan Jr, general manager of duPont's textile fibers department feels "technology will continue to provide new opportunities for the textile industry, that we will be able to give the consumer better values and that we can sell intelligently from a strong position. The textile business, like others, prospers collectively on change."

NATIONAL ECONOMY

Brave New Lease

LONG LOOKS into the wondrous future are a pleasant pastime. Last week Avis-Rent-a-Car System came out with its image of the automated car rental operation of 1971. The customer simply steps into a booth at the remote-controlled rental station. The agent scans his identification and license over closed circuit TV, then pushes a button to release the car key for the customer. The agent need not watch the screen to check whether the renter can walk a straight line. Alcohol on the would-be customer's breath would flash a red light in the agent's office.

FOODS

Continental Caper

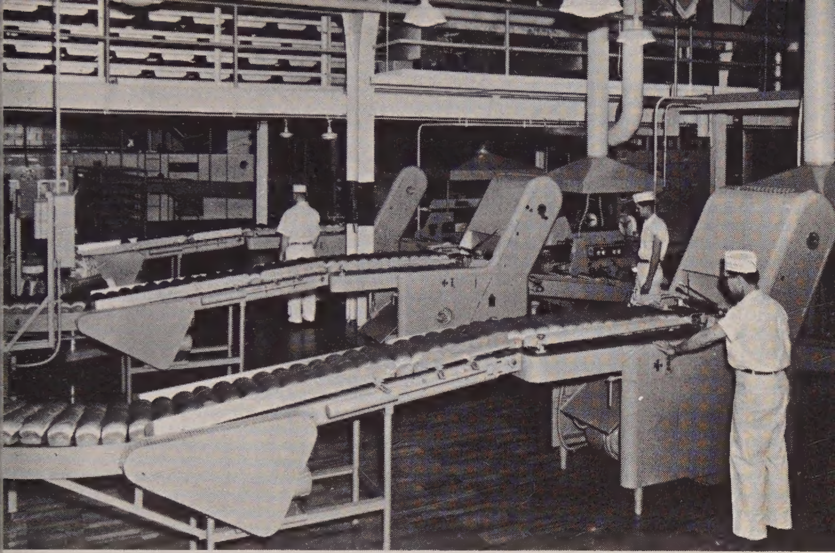
NEITHER snow-covered roads nor the struck & stuck New Haven Railroad could keep 75 Wall Street analysts from journeying to the Rye, NY headquarters of Continental Baking Company last month. After a short but enlightening tour of the company's modern engineering & product research labs, guests were shepherded to the attractive employes' dining room for a serving of cocktails, home-made hors d'oeuvres (from the Stewart division) and company news.

After all the samples of Stewart's snack items had been duly tasted, president R Newton Laughlin commented on laboratory successes and economies:

- Continental has a number of new goodies fresh out of its ovens which are currently being test marketed all over the country. These include frozen Plantation Bread which sells for 39¢ a loaf, Continental and brown-and-serve French rolls, Fudgies (which are like brownies), Fiesta spice and Jamaica ginger cakes.
- Continental has developed several new laboratory economies. An improved instant mashed potato made from dehydrated rather than raw potatoes saves the Morton Frozen Food division $132,000 a year, mostly in labor costs. A new low-fat cocoa for Hostess Cake products is both less expensive and better. It saves an additional $100,000. "Another potential saving we're working on—a research project having to do with the sweetening power of different sugars—may result in a considerable cost drop."

Despite expansion of frozen food and snack lines, president Laughlin states "bread probably represents about 65% of our total [1960] sales volume." In addition to best seller Wonder Bread, the No 1 US baker also sells high-quality Daffodil Farm, dietetic Profile and vitamin-packed Staff loaves.

Continental recently expanded the Daffodil line with sweet goods, cakes, rolls and other baked items. These are made at a central bakery and currently sold only in the in-store departments the company has set up in large supermarkets in Detroit, Indianapolis, Denver and Davenport. Newt Laughlin comments: "The project seems to be successful although we haven't made



Continental bread line

y money. We do think, however, t it offers an important opportunity. We have requests from other es to install these in-store units we don't want to expand until ve worked out all the bugs."

'rances Hamilton is another new e for Continental Baking. "Not te as high priced as Daffodil rms," it is designed for smaller res. Notes prexy Laughlin: "Inil acceptance seems to be good."

While building volume with new es, Continental also keeps an eye costs. When it recently converted Hostess Cake bakery in New ven to other sweet goods, Conental found itself left with an pty garage. "Trying to be econaical and not let this go to waste," urned the garage into an English ffin operation. The fork-split muf proved so successful in the New gland area that a second unit is eady being built to serve New rkers. Last October Continental expanded its muffin operations even further with the purchase of Cain's English Muffin Company of Chicago.

In another expansion move the bustling baker purchased Love Baking of Honolulu last May. Newton Laughlin expects "a great plus in a state that enjoys a picnic season 52 weeks a year."

Continental has also set out on an ambitious automation program. It has just finished automating the Washington, DC bakery, is currently modernizing the Detroit bakery and building a new fully automated bakery in Denver. Next year the company plans to replace eight of its smaller, less efficient plants with two new larger, automated ones.

Continental automates only in key areas. President Laughlin explains: "When one automates a plant, the cost is $800-to-900,000. Before that sort of money is spent, a market has to be thoroughly studied."

Its many products brought in an

estimated record $410,000,000 volume last year or 6% ahead of 1959. However even all its cost saving could not boost profits in a margin-squeezing year. As a result earnings fell to an estimated $4.45 a share from $4.60 in 1959. But president Laughlin notes: "At the end of the first six months in 1960 the outlook was a little dim. But we had the best fourth quarter we've ever had and naturally we're feeling more optimistic."

METALS

Copper Customs

TRADITIONALLY copper must undergo smelting and refining before it can be fabricated into the hundreds of intermediate and end products which make copper and brass such constant companions most everywhere. Now however an interesting international quintet of corporations hopes to promote a powder metallurgical process which produces pure copper in a powder rather than a molten form.

The quintet is composed of processing plant builder Foster Wheeler Corp, mechanical & hydraulic press maker E W Bliss Company, Canadian nickel & cobalt miner Sherritt Gordon Mines Ltd, Canadian metallurgist Chemetals Corp (which is 20% owned by Bliss) and Philippine miner Marinduque Iron Mines Agents Inc.

Last week at a swish Waldorf luncheon for 100 or so reporters and analysts hosted by Big Boarders Foster Wheeler and Bliss, the group officially detailed its ideas. The first integrated copper facility is to be built in the Philippines, a $23,000,000 plant on the island of Mindanao to turn low-grade ores into high-quality copper "without a melting step anywhere along the line." The copper thus produced will in turn be converted into strip, tubing and wire at the same plant.

As prime contractor Foster Wheeler will design and build the plant which is estimated to cost "40% less than conventional smelting, refining and casting facilities." The new plant will utilize a chemical reduction process perfected by Sherritt Gordon and Chemetals to produce pure copper in powder form from copper-bearing materials.

For its part Bliss will install about $4,500,000 worth of presses and other equipment needed to roll the powder into strip. Bliss president J Ralph Patterson said these facilities will "cost at least 50% less than for conventional fabricating techniques starting from cake, ingot or billets."

The plant itself will be owned and operated by Marinduque which plans to finance its unique project in part with a $13,000,000 loan from the Export-Import Bank, the rest through internally generated funds and some equity financing.

Scheduled to go into operation within eighteen months to two years the new plant is designed to produce 14,000 tons of copper and copper products a year. Since Marinduque's copper bearing ore reserves also contain a goodly percentage of zinc the company expects to recover about 5,000 tons a year of electrolytic zinc from the process.

Five chiefs view copper strip rolled from powder

At the same time the chemical re-ction method will also yield close 100,000 tons of ammonium sul-ate, "a by-product you get whether u like it or not" according to erritt Gordon president Eldon own. Marinduque president Jesus Cabarrus happens to like it since mmonium sulphate is a hot ather fertilizer and just right for Philippines."

The total output of copper, zinc d ammonium sulphate is expected bring in roughly $18,500,000 in nual revenues at current US prices.

For Foster Wheeler, whose presi-nt John E Kenney expressed de-ht at this opportunity to couple lustrial engineering with aiding velopment of the Philippines, the rinduque contract marks its sec-d big Philippine job in recent ars. It has just finished a 25,000 rrel-a-day oil refinery there.

For Bliss the new plant will mark first full-fledged installation for rolling and fabricating strip from powder. Bliss perfected the process in 1958 after more than five years of research and development. It first became interested in copper powder rolling and fabrication back in 1953 at the request of Chemetals. It acquired its 20% interest in Chemetals three years later.

Much of the powder used by Bliss in its rolling experiments was produced by Sherritt Gordon at its Fort Saskatchewan chemical refinery. Nickel producer Sherritt Gordon is an old hand at chemical ore refining. Its Fort Saskatchewan refinery has been in operation since 1954, produces up to 16,000 tons of nickel and 120,000 tons of ammonium sulphate a year. Because of the ore composition it also produces copper and cobalt in smaller quantities. The new Philippine plant is "in most respects" identical with this operation.

While Sherritt Gordon has retained the use of its chemical tech-

niques for production of nickel and cobalt it has granted Chemetals exclusive rights to use and license various patents for chemically processing copper, a technique Chemetals has been developing for more than ten years.

Admittedly chemical processing of copper into powder is not commercially feasible for all ores. However according to "extensive" Chemetals and Sherritt Gordon investigations the Marinduque copper concentrates are the right grade. And eventually, says Chemetals president Dennis Pickens, "we hope to license many copper producers to use this process."

AUTOS
Volks Capitalists

HEAVY ADVERTISING invites Americans to invest in Volkswagens. But at this stage at least, Americans are definitely not invited to partake in an investment opportunity created in part by their eager purchases of the beetle-like little car: a public offering of 3,600,000 shares of Volkswagenwerk AG.

But the deal should arouse plenty of interest among American observers. Not only has the company name itself become almost as much a US household word as Ford and Chrysler but the distribution procedure represents an intriguing effort to spread stock ownership widely among Germans of moderate means.

Started by Hitler in 1937, Volkswagen was a Third Reich orphan whose ownership became widely disputed as its postwar fortunes grew. After discussions dating back at least to 1953, the German government put through a law regulating the stock sale last July. The West German government and the State of Lower Saxony (home of Volkswagen headquarters in Wolfsburg) will split a 2,400,000-share holding. The other 60% of the stock is being sold at DM 350 or $83.33 a share.

The initial offering from January 16 to March 15 is limited to German residents (East or West) over 18 with 1959 income below $1,90 if single, $3,800 if married. They can buy only five shares each except for Volkswagen employes who can take ten. Low income or large families entitle buyers to 10-to-25% discounts but anyone who sells hi stock within two years must repa the discount plus 7% interest.

The Volkswagen law does giv subscription privileges to one u nique group of Americans: employe of Volkswagen of America provide they fall within the German incom restrictions. Said one representativ of the American subsidiary at Engle wood Cliffs, NJ headquarters: " don't know of any purchases ove here."

If any shares remain unsubscribe after the initial selling period, the will next be offered to all German with no income restrictions. Bu such an opportunity is unlikel While no figures are available ti after March 15, it is generally b lieved the offering is already heavi oversubscribed. One US onlook observed: "It's the German versi of our scramble for the initial Fo stock."

Once distribution is out of th

ay, Volkswagen shares are ex-ected to be listed on a German ock exchange (probably not before ll) and after that foreigners will e able to buy the stock. Meantime, hile no one knows for sure, the ajority of buyers in the initial of-ring are expected to be small-scale vestors with some previous stock ldings though undoubtedly many wer-income persons will accept the centive to buy stock for the first ne.

Partly to test the road for the olkswagen venture, the West Ger-an government in 1958 sold an terest in another of its enterprises, mining and machine building com-ny called Preussag. Despite a five-are, $3,800 income limit, the of-ring was reportedly oversubscribed 0% in four days.

Thus if the Volkswagen sale also eets with expected success and pol-cal opinion remains favorable the est German government, which ll owns an estimated 300 com-nies valued in the billions, may celerate its drive along the dena-nalization Autobahn and create a oad-based People's Capitalism.

ETAIL TRADE

utomatic Canteen Action

T a well-attended press confer-erence at the Waldorf two weeks o new chairman Frederick Schus-r reviewed 1960 operations at 8,000,000-assets Automatic Can-en Company of America. Although ief executive officer only since the w fiscal year started in October, -year-old Fred Schuster is a veter-at Automatic. An outside business consultant and AUM director since 1951, Fred became vice chairman when Arnold Johnson (IR, Sept 16, 1959) died last March. Half a year later he took over his present titles from 76-year-old Nathaniel Leverone who was honored with the special title of "Founder Chairman."

A University of Missouri-trained economist (class of '27), chairman Schuster is considered "one of the main architects of Automatic's new diversified outlook" which ranges from snack machines to finance companies.

Founded by Leverone in 1929, Automatic (or AUM to Big Board-ers) is one of the oldest companies in the vending field. As a leading dispenser of cigarets, candy, gum, nuts, coffee and carbonated bever-ages, it is the nation's largest cus-tomer for Pepsi-Cola syrup, Hershey chocolate and Wrigley chewing gum and the fourth-largest buyer of cig-arets (after supermarket leaders A&P, Safeway, Kroger). Soon its silent sales force will be dispensing Mead Johnsons' Metrecal to diet-conscious consumers.

AUM branched from dispensing into vending machinery production when it acquired Rowe Manufactur-ing of Whippany, NJ in 1955. The company also has an extensive main-tenance and service operation for its coin-operated machines. AUM vending machines in the US & Can-ada are either operated directly through 40 subsidiaries or leased to franchised dealers.

The largest number of the me-chanical salesmen are placed in in-dustrial plants. Fred Schuster com-

ments: "Hungry workers are very snack minded." Foreseeing a need for integrated manual & vending food service AUM last August acquired Nationwide Food Service Inc, which did a $25,000,000 food management and contract catering business in 1960.

Two years ago Automatic Canteen wandered beyond food and bought Automatic Music, Inc (AMI) for 126,000 shares. Labeled Automatic's first venture in the electronics sector, AMI manufactures, sells and leases automatic phonographs and accessories and provides "background" music for factories, restaurants and offices via special self-contained record playing hi-fi sets. It has made juke boxes since 1927. Last June Automatic acquired ABT Manufacturing Corp of Rockford, Ill, manufacturer of an electronic device which makes change for dollar bills as well as electronic components for coin-operated machines.

AUM's Frederick Schuster

Chairman Schuster expounds: "Automatic Canteen's position in electronics is sound because much of the output of the division represents end products basic to use and incorporation in the manufacture of our vending equipment. Electronics will play a constantly increasing part in automated services, permitting the development of new and more sophisticated equipment."

For its food service AUM maintains a product division. In addition to purchasing and quality control of products used by Canteen machines this division does extensive product development on its own and in cooperation with food suppliers. Fred Schuster states: "We know private brands can now be vended successfully." The Automatic private brand line is called Scoop and includes Cinadent, Speardent and Pepdent gums. Because results "have been gratifying" AUM has expanded the Scoop line to include mints and hard candies.

Since last year the product division also vacuum-forms low-cost dispensable plastic containers for use in hot and cold beverage vendors. This year AUM plans to market both its plastic cups and Scoop line to outsiders.

Automatic Canteen does not confine its vending to North America. It first entered foreign markets in 1957 in Stockholm, Frankfurt and London. These operations have been expanded and additional vending facilities were secured last year in Belgium and Switzerland. AUM also plans to establish service organiza

ns in Italy and France and to explore the market potential in the East and South America.

Fred Schuster predicts: "Eventually vending in Western Europe will be bigger than in the US. The population of Western Europe is greater than that of the US, there is a greater concentration of industry and Europeans are accustomed to eat five or six times a day—that is just what effective vending needs."

AUM has also established non-domestic manufacturing bases. Last year it acquired German juke box maker Tonomat of Frankfurt and renamed it Canteen Automatenbau. Last month it secured a licensing agreement with A V Roe Canada Ltd to let subsidiary Avro Aircraft manufacture in Malton, Ontario a complete line of AUM vending and music background equipment.

Besides its expanded vending and electronics operations, AUM entered still another new field last year—finance. In August it acquired Commercial Discount Corp and last month bought "in excess of 95%" of the class A and B shares of Hubshman Factors Corp. Fred Schuster explains: "Ownership of these finance companies will enable Automatic Canteen to finance the sale of products of its manufacturing divisions and to lease equipment. Management believes that the finance industry particularly as it relates to the leasing of equipment will experience a sharp growth in the Sixties."

In sales some of the growth was visible in the October 1960 year. With results restated to include Nationwide Food Service on a pro forma basis volume increased 6% to $173,300,000. But earnings decreased 16% to $3,924,000 or 73¢ a share *v* 93¢ for 1959. Chairman Schuster explains: "Earnings were adversely affected by losses incurred by AMI. This includes a decline in coin-operated music business, development and start-up costs incidental to entering the background music field and start-up costs of the manufacture of Canteen Vendors [vending machines] by AMI."

The decline has had some dampening effect on the stock market where AUM, like other vending shares, was a 1960 favorite. The 5,962,000 shares of AUM common reached an alltime high of 52 from a low of 28 in 1959. Now the stock has settled back to around 38.

ELECTRONICS

Potentiometer Potential

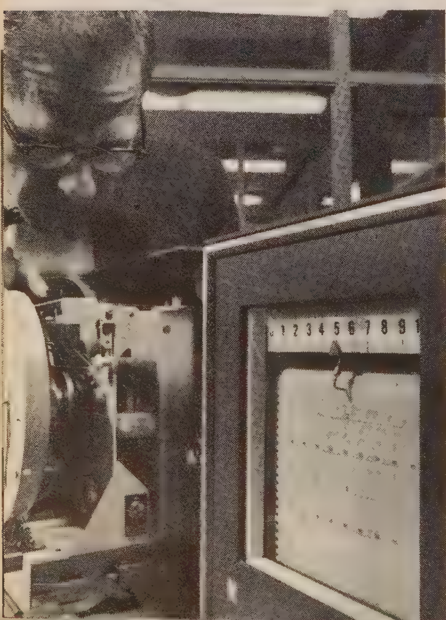
THE NATION'S biggest manufacturer of industrial control instruments, Minneapolis-Honeywell Regulator Company, has come up with a new twist for a widely used if not-so-widely known gadget, the potentiometer. It measures and controls temperatures, pressures and flows. As many as 300 may be used in a typical dye casting plant.

The new Honeywell twist calls for elimination of a part called the slidewire which in the past has had a distressing tendency to distort readings because of friction. Taking over for the slidewire is a gauging device called a Stranducer (from "strain" as in strain gauge and "transducer") made of four wire

strands on an I-shaped frame. The Stranducer is sensitive to all amounts of electric flow and has no friction problem. Thus it has the properties scientists prize most highly: added reliability and greater simplicity. Price of the Stranducer-equipped potentiometer is $635-to-1,075 depending on its chores *v* $470 and well up for competing models.

While working on promising future money makers like the Stranducer, Minneapolis-Honeywell has been experiencing somewhat of an off year in its very much "on" history. A preliminary unaudited report showed sales topping the $400,000,000 mark for the first time at $426,300,000 *v* $381,400,000 in 1959, but net dropped to $3.74 a share from $4.20. The stock of Minneapolis-Honeywell has mirrored the recent let-up, slipping from its all-time high of 178¾ last June to around 153.

Scientist scans Stranducer



SHIPPING
The Turn of the Screw

THERE ARE many world markets which have faster ups & downs than the stock market. One of them, surprisingly, is the ship market. One startling example: last July the American flag Liberty ship *Valiant Freedom* in damaged condition was sold for $62,000. Shortly thereafter, condition unchanged, she was sold for $110,000 and just before year's end sold once more for $173,000, this time for delivery to a Japanese scrap heap. This was a 180% rise in six months.

But trends are not always so kind in the volatile ship market. The 66-year-old ship brokerage firm Jacq Pierot Jr & Sons says prices for foreign flag Liberty ships which now range between $260-and-325,000 were as much as $450,000 in 1958 and $1,800,000 in 1957. Reason for current lower prices: less freight. Says ship broker Morris Pierot: "It's like an apartment house. If it's full of tenants, you can sell it for a nice price. If it's not, you can't get rid of it."

Sidelight: foreign flag vessels sell for more than the same type US-flag ship. Under the law Americans cannot sell their vessels to persons inimical to the interests of the US. There are enough such persons bidding for ships under foreign registry to boost prices in that market. For instance, the Russians recently bought three tankers almost ready for delivery after the owners had canceled their orders. Two were bought in Japan and one in Holland at prices well above the replacement cost.

ALL STREET

om Docks to Dunhill

N HIS OFFICE just off lower Fifth Avenue, Ira Williams, a eran retailer and present chair-n-president of Dunhill International Inc, last fortnight expressed hope sales of the company's bacco, toilet and leather goods op-ation would increase $1-to-2,000,-0 in the next two years. This uld be 20-to-40% above the esti-ted $5,000,000 sales for 1960.

Management expects this im-provement to be communicated to rnings as well, though start-up sts may slow the effect. While al figures have not been deter-ned, earnings for 1960 will prob-ly prove to be somewhat lower an 1959's net of $175,000 or 15¢ share. The company also realized 57,000 on investments in 1959 d expects to report about a stand- for 1960.

Dunhill is officially described as closed-end, management-type in-stment company and thus may ve both operating aspects and an vestment portfolio. It has exclu-e US use of the 54-year-old Dun-l name ("By Appointment Tobac-nists to the Late King George ") for the products of Alfred inhill of London Ltd. Dunhill In-national operates four retail stores central locations in Manhattan n a decidedly more fashionable ctor of Fifth Avenue than its head-arters), Philadelphia, Chicago d Beverly Hills. It is soon to open fifth on Post & Stockton Streets in n Francisco, close to the St Francis otel. It wholesales Dunhill products widely to shops and department stores.

The rest of Dunhill operations as well as its present set-up stems from the merger with New York Dock Company in late 1958. While Dunhill is the technical survivor, actually it was "Dock" which took over the tobacconist. Dunhill which previously had 300,000 shares outstanding (of which 24,000 were owned by Dock) issued 832,000 shares to Dock stockholders to effect the merger.

Aside from varied investments, New York Dock had extensive dock facilities on the Brooklyn waterfront. Much of that operation has been liquidated through sale of the properties to the Port of New York Authority which has put up modern terminals. However Dunhill still operates the New York Dock Railway Company (wholly owned but not consolidated). It has eleven miles of rail line with barge connections on Brooklyn's waterfront.

Proceeds Invested

With the proceeds from the Port Authority sale, Dunhill has built up its investment humidor. Its holdings have a market value of $22,-000,000 as against cost of about $16,000,000, are concentrated mainly in the stock of four companies. Investments are directed by Reading, Pa investment advisory firm J L Hain & Company which is run by Jacob L Hain, substantial stockholder (108,000 shares) in Dunhill International.

Like Dunhill, all four holdings have famous names and histories.

- American Bank Note (225,000

shares or 40%), whose earliest predecessor was formed in 1853.

- A G Spalding (210,000 shares or 22%), the sporting goods company founded in 1885 by retired pitcher Albert Goodwill Spalding.
- Coty Inc (405,000 shares) and Coty International (125,000 shares) whose perfume business began in Paris in 1905 under the aegis of Monsieur François Coty. As the names imply, Coty Inc now handles US operations, International all foreign activities.

In addition, Dunhill has a 2% holding in Alfred Dunhill of London. The Dunhill management expects improved earnings from all these companies over the next few years. It rates Coty as the slowest developer but the one with the best long-term potential. It applauds the change of management two years ago at Spalding and says it is "making good strides."

The 1,500,000 shares of Dunhill International trade inactively on the Big Board at around 10. The shares have been as high as 15 in 1952 and as low as ½ (adjusted) in 1932. The company has about 900 shareholders, a number which would not now be sufficient to qualify for initial NYSE listing; the requirement is 1,500.

Chairman & president Williams came out of retirement after a long career in the Southwest in retailing. He devotes most of his attention to the retail and wholesale end of Dunhill International. His office sports an elaborate pipe and smoking goods collection with specimens from all over the world.

WE HEAR FROM . . .

Kodak Star

ROCHESTER, NY

GENTLEMEN:

In the December 7 [story on Bell & Howell] we noted a slight misstatement regarding products of the Eastman Kodak Company * * * You refer to "Kodak's Starmite electric eye line." The Eastman Kodak Company's fully automatic 127-size camera is called the Starmatic rather than Starmite. We also offer a 127-size electric eye camera which is not fully automatic, called the Starmeter. In addition to these two still cameras with an electric eye, we also offer two domestically made 35mm cameras with automatic exposure control, the Automatic 35 and the Motormatic 35.

It is certainly not an important point but it is always desirable to keep the records straight.

Very truly yours,
J A BERGGREN,
Eastman Kodak Company

Beryllium Light

AMES, IOWA

GENTLEMEN:

Your interesting article on Brush Beryllium in the January 4 issue of the INVESTOR'S READER has one factual error. It states that beryllium is the lightest of the known metals. This is far from the case as you will find by examining a handbook of chemistry. The density of beryllium is 1.73. Several of the alkali metals are lighter and lithium, the lightest of all, has a density of only 0.53.

Very truly yours,
HARVEY DIEHL
Professor of Chemistry
Iowa State University

In addition lithium ranks No 3 in atomic weight while beryllium is fourth. An aide to Brush Beryllium president Mikhalapov (who is on a business trip abroad) feels he was quoted out of his intended context; explains beryllium is actually the lightest metal for high-temperature structural application. Magnesium which is lighter has structural applications too but has a melting point of 1204°F *v* 2462° for bery.—*Ed*

x-Cell-O Prospers in Diverse Fields

Machinery, Parts Maker Adds New Lines For Future Growth

FTER a quarter century in which "cash dividends have been paid ch year in an amount equal to or eater than in the previous year," 05,000,000-assets Ex-Cell-O Corp entitled to boast. The Detroit mpany which currently pays 35¢ arterly has chalked up its proud cord despite the fact it sells such lnerable products as machine ols and precision aircraft parts.

Ex-Cell-O stability is due in large rt to diversification. Once solely producer of small auto & aircraft rts the company expanded into achine tools in 1930. Five years er it began to manufacture Pure-k milk packaging machines. In e past decade, aided by internal owth of these lines plus several all acquisitions, Ex-Cell-O has arly quadrupled sales to $137,-0,000 in the year ended last No-mber. More important, in the same riod profits expanded to $8,245,-0 or $2.23 a share from $3,550,-0 or $1.05.

The largest of Ex-Cell-O's four neral divisions makes precision rts and assemblies for aircraft. contributed 46% of 1960 reve-es. Machine tools brought in %. Expendable tools, such as ills and broaches which are both ld to outsiders and used as origi-l equipment on Ex-Cell-O's own achine tools, accounted for 7%. ne remaining 26% of last year's lume came from leases and sales of dairy and packaging equipment.

The backbone of the latter division is 3,450 Pure-Pak machines currently used by dairies compared to 2,100 seven years ago. Most are leased but Ex-Cell-O treasurer Edward J Giblin notes "we also sell about 3% each year." He continues: "About 10.6 billion or better than one out of three milk containers in 1960 were Pure-Pak. You can conservatively say we are No 1 in the milk paper packaging field."

Competitor American Can, eager to lap up a larger share of the market, has just installed in Rochester, Minn a prototype machine which shapes & fills plastic-coated half-gallon milk containers. Ed Giblin counters "we will momentarily introduce a kit to convert our present Pure-Pak machines" from wax to plastic. Ex-Cell-O is also building new machines "in all sizes" using polyethylene-coated container blanks.

Sales Gain

All four divisions shared in Ex-Cell-O's 22% sales climb for fiscal 1960. The smallest gain (6%) was in dairy and packaging equipment which "is not showing the same fast growth as in earlier years because each year it starts from a larger base."

Machine tools were Ex-Cell-O's 1960 star sales performer. They increased 46% or exactly double the 23% industry-wide rate reported for metal cutting tools. Part of Ex-Cell-O's extra sharp year-to-year gains in this category came because in the first quarter of fiscal 1959

five of the company's major plants were on strike.

However, treasurer Giblin also cites more welcome reasons: "Our pickup was in part due to success of our new miniature internal grinder" which can hollow a circumference as small as an eighth of an inch in diameter. The grinder provides tolerances "to one ten-thousandth of an inch." This type of accuracy is needed in many industries, especially by bearings and missile component makers. Finally "our foreign sales of machine tools were up considerably," the same factor which accounted for most of the industry advance. The company has plants in Canada, Britain, West Germany and one is under construction in Bombay.

At home "orders have not especially increased" as a result of the Chicago Machine Tool Exposition held in September (IR, September 14). After the last show in 1955 the industry received substantial new orders. Ed Giblin blames the unenthusiastic response "on the fact that in the past industries were rapidly expanding and also interested in improving efficiency. We had two birds to kill then but today many have sufficient capacity. For example the auto industry [a major Ex-Cell-O customer] has now enough equipment to manufacture 10,000,000 cars." Considering this, treasurer Giblin looks for "a slight increase in our machine tool sales in 1961 although it won't be an outstanding one."

As for precision parts "there will never again be such [Government] spending for jet aircraft as there was three, four and five years ago. The emphasis will continue on missiles." Ex-Cell-O turns out blades, vanes, fuel control assemblies, nozzles, etc which are sold to "all jet manufacturers" including Grumman and Republic in addition to engine makers General Electric and United Aircraft. The division also makes replacement parts for piston aircraft.

The transition to missiles has had a dire effect on Ex-Cell-O's precision parts business. From a high of $95,600,000 in 1957 volume nose-dived to $50,700,000 in 1959.

Churning up more Pure-Paks

t in the past fiscal year sales re- ered 22% to $63,300,000.

Reports Ed Giblin: "We have icipated the switch from manned craft. Our subsidiary Cadillac ge now makes servo valves for ny of the missiles. We are also rking on some classified proj- s." However the volume in mis- parts "will never reach" the el of jet aircraft. Ex-Cell-O's wer: further diversification.

Wholly-owned subsidiary Bryant acking Grinder designs and man- actures a "storage drum or disc d by most of the computer mak- ." Treasurer Giblin anticipates emendous demand for the mem- unit." A second new Ex-Cell-O duct is a mail sorting machine. e company has "recently received order for mail sorters but we 't divulge the size." Ex-Cell-O some well established competi- s in the mail field including Pit- -Bowes and Burroughs. Another v precision venture: control rods d in atomic reactors.

All diversification has not come m internally developed products. year ago Ex-Cell-O bought the entory and manufacturing rights Eastman Kodak's contour pro- tors which have a "good poten- ." This instrument permits in- ction of precision parts by pro- ting a hundred times enlarged ge on a screen. Ex-Cell-O has acquired Optical Gaging Prod- ts of Rochester, NY, the sole mar- ing agent for the projectors.

But for the current fiscal year Cell-O counts on its older lines much of an anticipated "modest increase in sales." The company began fiscal 1961 with an 18% greater backlog or $59,000,000. However treasurer Giblin cautions: "With mounting costs we look for only a slight increase in profits" over last year.

Thus chances for a hike in the company's present $1.50 annual dividend are slight. "We are already paying out 68% of earnings." Based on the recent Big Board quote of 38, this leaves the 3,700,000 Ex-Cell-O shares with a yield of nearly 4%.

CHEMICALS
Mallinckrodt Media

AT THE CORNER of Second and Mallinckrodt Street in St Louis are the executive headquarters of a little known Midwest producer which is nonetheless one of the oldest chemical companies in the US. The Mallinckrodt Chemical Works owes it name to Edward Mallinckrodt who founded the company in 1867. It owes its relative obscurity to the fact it remained a family-owned company for 87 years of its corporate life and today is still closely held.

Edward Mallinckrodt's son, Edward Jr, the current board chairman and chief stockholder, owns 58% of the 256,000 class A common shares and 85% of the 120,000 voting class B shares. This leaves only a little over a 100,000 shares in public hands. These trade in a thin over-the-counter market around 50, down from a high of 70 in 1959 but well above the 29 of 1957.

Three months ago the venerable

Mallinckrodt's Thayer

chemist selected as new president Harold E Thayer. The 48-year-old MIT graduate is a 23-year veteran at Mallinckrodt where he started as a chemist. He succeeds Joseph Fishtere, a 1919 Cornell alumnus who remains a director.

While current corporate style seems to be to centralize and consolidate operations, Harry Thayer has switched Mallinckrodt from a central to a divisional organizational setup. He comments: "It may cost a little more at the beginning but over the long run it will permit us to serve our customers better."

The new setup includes a separate division for each of Mallinckrodt's lines: medicinal, nuclear and industrial. Of these the industrial is the most profitable and headman Thayer admits the company "would like to acquire something which would fit in with it but at present nothing looks probable."

Under the new system marketing, research and product development will be conducted separately for each division. However functions such as chemical control, accounting, packaging and warehousing will remain centralized.

For 1960 president Thayer noted "company sales were up 3%" over the $34,600,000 of 1959 but earnings were "not so good" as the $1,275,000 ($2.70 a share) earned in 1959. He elaborates: "Mallinckrodt like most chemical makers was caught in a profit squeeze." He particularly noted the nuclear end of the business, which accounts for only a small percentage of sales, "has not been growing as fast as expected."

A pioneer in nuclear work Mallinckrodt built the first privately owned plant for production of uranium compounds in 1956. Today Mallinckrodt manages and operates the Government-owned uranium facilities at Weldon Spring, Mo on a cost-plus-fixed fee basis. It produces uranium compounds for nuclear reactor fuels and with facilities added since 1956 makes nuclear fuel elements and components.

The bulk of Mallinckrodt sales (some 88%) comes from the company's 1,300 general chemical and pharmaceutical items which include everything from narcotics to vitamins. About 30% of these sales are in items purchased by Mallinckrodt and packaged for resale. These include vitamins, bromides and salicyclates.

Mallinckrodt's biggest customers are pharmaceutical manufacturers like Lilly and Upjohn. It also sells to wholesale druggists and physician supply houses and hospitals.

Pair of Prosperous Local Food Chains

The Brothers Borman Plan for Further Growth In Detroit Area

[IVE YEARS from now Detroit-based Borman Food Stores Inc ns to have a chain of 90-to-100 ermarkets compared to 58 right v. In addition, executive vice sident Joseph Kron envisions 5 sales around $200-to-225,000,-) or more than double the record ,400,000 racked up in the year led last June 25. As for profit rgins, Joe Kron thinks the com-ny will keep "the good [for super-rkets] 1.8% ratio which we have intained in the past five or six rs."

Borman vends its groceries, meats l sundries in three counties of the troit metropolitan area under the re name "Food Fair" (no con-tion with $770,000,000-a-year stern chain Food Fair Stores). 'e hope sometime to expand out this area but right now we will icentrate here." Executive Kron ls: "We think there is sufficient om for us to expand since single, lependent stores have 40% of the siness in this area."

The 60% chain segment of the troit market is divided among rman, national giants A&P and oger, plus Chicago-based Nation-Tea and ACF-Wrigley which is o prominent in St Louis and Okla-ma. But locally confined (and lo-ly conscious) Borman has man-ed to do rather well. Joe Kron udly asserts: "We have the least mber of stores of all the chains here but our average sales of $2-to-$2¼ million a store is the highest" in the area.

Joe Kron, in 21 years with Borman, has participated in much of the chain's growth. But the company goes back all the way to 1924 when current president Tom Borman opened his first store. A few years later younger brother Abraham, now chairman, joined him. In 1945 "because of different ideas of expansion" the company had "a friendly split up." Abraham Borman developed a group of stores under the "Food Fair" name, Tom started "Lucky Stores." By 1955 the brothers made up their differences and the two outfits merged into the present $17,500,000-assets company.

Since the remarriage, Borman outlets have doubled. The biggest boost came in fiscal 1960 when the company added 21 supermarkets. These include nine stores taken over in the 19,500-share acquisition of Lipson-Gourwitz Company last May and three other purchased stores. The rest were brand new marts, constructed as is Borman custom under lease back plans.

"An important milestone in the growth of the company" and its 3,000 shareholders was reached in May when Borman listed its 1,200,-000 shares on the Big Board. Since then the price of BRF stock has increased over 50% to around 34 last week.

About 60% of the stock is closely held with Abraham (147,000 shares) and Tom (86,000) Borman the big-

gest owners. The tightly knit Borman executive-owner group "is very conscious of cost cutting." Joe Kron relates: "In the past six months we have cut the ratio of expenses [to sales] by 1/4 of 1%. That comes to quite a lot of money."

One profitable Borman venture is "our own private label which we introduced about a year ago. It gives us a better profit structure and also enables us to compete with the private brands of other chains." Previously the company dealt almost exclusively in national brands. Another move slated to trim costs came two years ago when Borman consolidated its warehouse and office operations under one roof. All the company's 58 outlets are within a convenient 25-mile radius of the distributing center.

The streamlining showed up in the six months ended December 24. Volume climbed 33% while net income jumped to 87¢ a share from 62¢. Looking for a second half "normally better than the first," Joe Kron estimates sales for the 1961 fiscal year around $130,000,000 and profits "close to" $2 a share compared to $1,700,000 or $1.48 in fiscal 1960.

With Borman directors slated to meet the first week in March "it is very, very possible they will increase the dividend." At the equivalent meeting last year the board voted a 20% hike to 15¢ quarterly. Borman also declared 3% stock dividends in September 1959 and 1960. Vice president Kron allows: "We will also discuss stock dividends at the March meeting."

Southern California Chain

The Von der Ahes Make Von's Grocery Company A Los Angeles Leader

ALTHOUGH regional supermarketeer Von's Grocery Company first went public just two short years ago, the food retailer has been serving Los Angeles shoppers for almost three decades. Charles Von der Ahe opened his first grocery store in 1932. He was soon joined by sons Theodore (now president while dad continues as chairman), Wilfred (executive vp) and Walter (a director and former treasurer). By 1950 the Von der Ahes had 17 outlets. At the end of 1959 the West Coast company was operating 28 cash & carry supermarts.

Last March Von's merged 30-year-old Shopping Bag Food Stores through a share-for-share exchange. The marriage has since been challenged on antitrust grounds by the Justice Department but after winning two favorable decisions, Von's feels "very hopeful" a third hearing scheduled next month will uphold the merger.

The $42,000,000-assets combined company operates 34 Von's and 38 Shopping Bag supermarts in Los Angeles, San Bernardino and Orange Counties. Currently Von's and Shopping Bag maintain separate grocery warehouses but a new $1,000,000 building is to be ready for joint use by August. Shopping Bag makes its own baked goods at its central bakery in El Monte. Von's stores sell sweet goods through bakery departments operated by the Van de Kamp division of General Baking

lso Von's buys a large portion of iiry and associated products from ·rseymaid Milk Products in which e Von der Ahe family has a 33% ustee interest.

Von's and Shopping Bag have oth followed successful store expansion and modernization programs. Since 1955 the two companies have opened 34 new stores, osed six. For the combined company Von's president Ted Von der he plots an ambitious expansion hich aims at a 10% increase in e number of supermarkets each ·ar: "The years ahead offer us nlimited possibilities for growth. os Angeles is now the nation's cond largest city. Von's intends keep pace with the growth that taking place not only in Los ngeles but throughout Southern alifornia. We feel there is a definite ·ed for the type of supermarkets we perate." To keep pace with these ans Von's will open six new supermarkets this year.

Presently Von's, with about 9% food store volume, ranks second ıly to Safeway in sales in the Los ngeles area. Counting the Shopng Bag operation, Von's rang up 180,000,000 sales in 1960, a 5% ıin over 1959 pro forma results. arnings for the year just ended me to $3,525,000 or $1.13 a share 88¢. The figures are adjusted for % stock dividends declared at the ıd of 1959 and 1960.

Theodore Von der Ahe says for e current year "we plan a 10% crease in sales and a comparable crease in profits. However, we're ping over the budget right now with a fine tooth comb because we want to be actual and factual."

A pretty Von's shopper

The 3,000,000 shares Von's common currently trade over-the-counter around 20, near the 1960-61 high. The alltime peak of 24 bid was posted in 1959. The company has been paying 10¢ quarterly dividends since it went public, spiced by the 4% stock distribution each year.

Management still owns 77% of the stock but there are also over 5,000 other stockholders. While a move is not imminent, it is no secret the California food chain is setting its sights on eventual Big Board listing.

Three other local or regional supermarketeers have taken the step in the past twenty months: Food Mart of Texas in the Summer of 1959; Borman (see page 21) and Penn Fruit (Middle Atlantic states) last year.

CLEAN-IT-YOURSELF JINGLE

On the opposite page Miss Massachusetts demonstrates one of the latest joys of the do-it-yourself age. She has just put part of her winter wardrobe through a coin-operated dry cleaning machine built by the Norge division of Borg-Warner. The machine was unveiled at the opening of a brand new type of Laundercenter in Quincy, Mass two weeks ago. This is the first New England installation for the Norge cleaner which made its first bow on a strictly test basis in Effingham, Ill a year ago. All told, Norge has nine installations in operation around the country at last count, plans a total of 74 by the end of February.

While Norge is considered its pioneer (IR, March 2, 1960), the coin-operated dry cleaning business gives indication of being highly competitive right from its birth. Only six days after the Norge Quincy inaugural, Whirlpool Corp demonstrated its version to climax the press showing of its total 1961 appliance line. Whirlpool reports it is in production on its cleaner and taking orders for it. Westinghouse and Philco also have models ready and expect to be well established commercially by the end of the year. All four makers were represented in Philadelphia last week at the annual Institute of Dry Cleaners convention.

The Norge machine operates on a 40-to-60 minute cycle, depending on the weight of the garments. It promises to leave them not only spotless but odorless, wrinkle-free (at least light "wear wrinkles" come out while creases and pleats stay in) and ready to wear. Details of operation and cycles may vary for the other makes but all the machines revealed to date will clean up to eight pounds (about eight dresses or three-to-four men's suits) and swallow $1.50 in coins.

Norge predicts self service will greatly expand the estimated $2 billion dry cleaning market in the US. It stresses its machine is not now a home item though "it could be eventually." Actually developers first thought of a home unit but research showed most householders did not have enough dry cleaning to justify a machine. Besides, at least for present type machines, costs are far too big for home use. Norge quotes only a price for an eight-unit installation ($15,000); the other makes are offered for around $2,300 a machine.

The machines will be offered to existing dry cleaners, hotels, motels and like businesses and for use with coin-operated laundries. Whirlpool and Philco plan primarily for installation in existing or new dry cleaning stores

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le Westinghouse and rge are going in principally for combined use n coin-operated laundry chines in one-stop, all-pose cleaning centers.

One such center is the que pilot store just oped in Quincy. Besides rge coin-operated wash- dryers and cleaners, it o features ultrasonic uipment (by Ultrasonic ustries Inc of Plainview, for cleaning hard goods n as jewelry or even golf s. The center was de-oped by Norge and 000,000-assets Friendly t Inc of Westbury, LI, a ti-interests Eastern ap-

nce & housewares retailer. Friendly Frost's year-old Laundercenter sub-ary plans to "blanket" New England with similar Norge-equipped ters by the end of the year. Norge hopes installations elsewhere around country may boost its total to 3,000.

his looks like a promising dry cleaning start for Norge which also kes a full line of major household appliances. But Norge is just one of US manufacturing divisions for widely diversified $445,000,000-ets Borg-Warner Corp. Traditionally an auto equipper, Borg-Warner s of transmissions, clutches, radiators, carburetors and the like account about one-third of volume; another third is Norge appliances, York conditioning plus some building equipment; the remainder includes ps, oil tools, industrial machinery, farm equipment, synthetic resins some electronics and defense items.

otal 1960 sales dipped to around $600,000,000 v a record $650,-),000 in 1959. The decline came mostly from a pinch on appliances, n and construction machinery. Earnings were even harder hit by price ing and increased costs, fell from $4.36 to an estimated $2.95-to-$3. or this year executive vp Lester G Porter views: "The first half of 1961 likely be slow but we expect improvement in the second half and year business at about the same levels as 1960." As for new products ide the dry cleaning machine, he is enthusiastic about a fuel injector automobiles which is now in production design stages and "could pear on 1963 models."

OLD-FASHIONED

The 20th Century would be a lot more like the 19th if it had not been for men like Henry Ford and, before him, Eli Whitney, who first put into practice the idea of standardized interchangeable parts for machinery and opened the way for the great industrial developments of our lifetime.

Unquestionably, there has been some sacrifice of picturesqueness along the way. Pictures of clerks in eyeshades sitting at high stools doing brokerage bookkeeping evoke sighs of nostalgia. But in all honesty, we much prefer to have the work done in a trice by IBM machines. In fact, if it weren't for the speed and efficiency of today's mechanical and electronic marvels, we'd have a hard time on some occasions handling our share of the volume of trading in stocks and bonds.

Our Research Department has found our modern equipment useful, too, for accumulating and sorting facts and figures. But interpreting the results is—and perhaps always will be—a human task that our Researchers are eminently well qualified to do.

If you write to Research and ask for information about any company that interests you, a review of your holdings, or suggestions for the investment of any sum of money, you'll get an answer that was typewritten on one of those modern mechanical marvels—but thought out in the good old-fashioned way.

Published by
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
70 PINE STREET • NEW YORK 5, N. Y.

Please send address changes to
Western Printing Co., Poughkeepsie, N. Y.